

APPLICATION FOR APPROVAL
OF AGREEMENT AND PLAN OF
MERGER BY AND AMONG
WORLD ACCESS, INC.,
STI MERGER CO., STAR
TELECOMMUNICATIONS, INC., PT-1 LONG
DISTANCE, INC., PT-1 COMMUNICATIONS, INC.
AND CEO COMMUNICATIONS, INC.

APR 27 11 26 AM '00

CASE NO. CHIEF CLERK'S OFFICE

00-034

JOINT APPLICATION

World Access, Inc. ("WAXS"), STAR Telecommunications, Inc. ("STAR"), PT-1 Long Distance, Inc. ("PLDI"), PT-1 Communications, Inc. ("PCI") and CEO Communications, Inc. ("CEO"), pursuant to the applicable Statutes of the State of Illinois and the Commission's Rules and Regulations currently in effect and/or subsequently enacted, hereby request Commission approval of an Agreement and Plan of Merger¹ (the "Agreement") whereby STAR will merge with and into STI Merger Co. ("Merger Sub" or the "Surviving Corporation"), a wholly owned subsidiary of WAXS (hereinafter, the "Acquisition"). STAR does not hold a certificate to provide telecommunications services in this state; however, the Star Subsidiaries are certificated in this state.² By virtue of the Acquisition, each of the STAR Subsidiaries will also become wholly owned subsidiaries of the Surviving Corporation.

¹ A copy of the Agreement is attached hereto as Exhibit "A."

² PLDI provides telecommunications services pursuant to authority granted in Docket No. 99-0233, dated 1/12/00. PCI provides telecommunications services pursuant to authority granted in Docket No. 96-0278, dated 9/27/96. CEO Communications, Inc. provides telecommunications services pursuant to authority granted in Docket No. 92-0346, dated 12/16/92.

The practical effect of the Acquisition will be that WAXS will acquire all of the issued and outstanding shares of STAR common stock for equitable consideration. After the transaction, the Surviving Corporation will continue to operate, in all material respects, as STAR currently operates. The technical, managerial and financial personnel of WAXS, in addition to some current STAR employees, will become the technical, managerial and financial personnel of the Surviving Corporation after this transaction.³ The Surviving Corporation will continue to provide service under STAR's present operating authorities, certifications and tariffs, to the extent permitted by this Commission. In that regard, the parties respectfully request transfer of STAR's certification, tariffs and/or operating authority to Merger Sub.

WAXS and STAR hereby jointly seek Commission approval of the Agreement, the practical effect of which will result in a change in ownership of the capital stock of STAR. Commission approval of the Agreement will be beneficial to the involved companies as well as their customers, primarily due to the enhanced overall financial strength of the combined companies which will result from the transaction. Approval of the Agreement will not in any way be detrimental to the public interests of this state. The customers of STAR will continue to receive from the Surviving Corporation the same high quality service presently rendered to them by STAR, and there will not be any increase in their rates due to this transaction.

³ Resumes of WAXS' current management team are attached hereto as Exhibit "B."

In support of this Application, Applicant shows the following:

I. THE PARTIES

1. STAR is a publicly held Delaware corporation with principal offices located at 223 East De La Guerra, Santa Barbara, California 93101. STAR is a non-dominant carrier that provides switch-based and resold domestic and international long distance services.

2. STAR is authorized by the FCC to provide international services as a non-dominant carrier and intrastate service, pursuant to certification, registration or tariff requirements, or on an unregulated basis, in ten (10) states. STAR and the STAR Subsidiaries are certificated carriers in this state.

3. WAXS is a public company, the common stock of which is publicly traded on the NASDAQ National Market, and is a Delaware corporation with principal offices located at 945 E. Paces Ferry Road, Suite 2200, Atlanta, Georgia 30326. WAXS is a holding company which does not directly offer telecommunications services, but rather owns and operates subsidiaries which offer such services.

4. Merger Sub is a privately held Delaware corporation (which is a wholly owned subsidiary of WAXS) that has been formed strictly for purposes of effectuating the Acquisition. In connection with the Acquisition, STAR will merge with and into Merger Sub and Merger Sub will continue to provide service under STAR's present operating authorities, certifications and tariffs, to the extent permitted by this Commission.

5. PCI is a wholly owned subsidiary of STAR which is incorporated under the laws of the state of New York and has its principal offices located at 30-50 Whitestone Expressway, Flushing, NY 11354. PCI is a non-dominant carrier that provides switch-

based and resold domestic and international long distance services. PCI is authorized by the FCC to provide international services as a non-dominant carrier and intrastate service, pursuant to certification, registration or tariff requirements, or on an unregulated basis, in thirty-six (36) states.

6. PLDI is a wholly owned subsidiary of STAR which is incorporated under the laws of the state of Delaware and has its principal offices located at 30-50 Whitestone Expressway, Flushing, NY 11354. PLDI is a non-dominant carrier that provides switch-based and resold domestic and international long distance services. PLDI is authorized by the FCC to provide international services as a non-dominant carrier and intrastate service, pursuant to certification, registration or tariff requirements, or on an unregulated basis, in thirty-one (31) states.

7. CEO is a wholly owned subsidiary of STAR which is incorporated under the laws of the state of California and has its principal offices located at 223 East de La Guerra, Santa Barbara, CA 93101. CEO is a non-dominant carrier that provides switch-based and resold domestic and international long distance services. CEO is authorized by the FCC to provide international services as a non-dominant carrier and intrastate service, pursuant to certification, registration or tariff requirements, or on an unregulated basis, in thirty-five (35) states.

8. The Acquisition contemplates STAR merging with and into Merger Sub. The practical effect of the merger will be the acquisition by WAXS of all of the outstanding and issued shares of STAR's common stock for equitable consideration. After the transaction, the Surviving Corporation will continue to operate, in all material respects, as STAR currently operates. The Surviving Corporation will continue to operate as a regulated entity

pursuant to STAR's present certifications, registrations, tariff requirements and rate structures, or on an unregulated basis (where applicable), pursuant to applicable law and to the extent permitted by this Commission. Furthermore, following the transaction, the STAR Subsidiaries will continue to operate, in all material respects, as they presently operate.

In addition to STAR becoming, in effect, a wholly-owned subsidiary of WAXS as a result of the Acquisition, the STAR Subsidiaries will also become wholly owned subsidiaries of the Surviving Corporation.

II. DESIGNATED CONTACT

9. The designated contact for questions concerning this Application is:

EllenAnn G. Sands
Nowalsky, Bronston & Gothard, APLLC
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Suite 1442
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with copies to:

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III. REQUEST FOR PERMISSION TO CONSUMMATE THE AGREEMENT

10. At the present time, WAXS is a non-regulated entity operating as a holding company. STAR is a regulated entity providing intrastate interexchange and alternative operator services, as well as interstate interexchange and international services, to its customers. By virtue of this transaction, and the resulting association of the two (2) corporate entities, both companies will realize economic, marketing and administrative efficiencies. Copies of financial statements for both STAR and WAXS are attached to this Application, in globo, as Exhibit "C".

11. The parties submit that the Acquisition will accomplish the following:

- (a) WAXS will acquire all of the issued and outstanding shares of the stock of STAR by virtue of the merger of STAR with and into Merger Sub;
- (b) As a result of the transaction, STAR will, in effect, become a wholly owned subsidiary of WAXS; and
- (c) The Surviving Corporation shall continue to operate as a regulated entity pursuant to STAR's present certifications, registrations, tariff requirements and rate structures, or on an unregulated basis, as provided by and pursuant to applicable law and to the extent permitted by this Commission.

- (d) In addition to STAR becoming, in effect, a wholly-owned subsidiary of WAXS as a result of the Acquisition, the STAR Subsidiaries will become wholly owned subsidiaries of the Surviving Corporation. To the extent required by this Commission, the parties respectfully request Commission approval for the STAR Subsidiaries to become wholly-owned subsidiaries of the Surviving Corporation in connection with the Acquisition. To assist the Commission in understanding the present and proposed corporate organization of the parties to the Acquisition, submitted herewith as Exhibit D are pre and post-Acquisition flow charts reflecting the effect of the Acquisition on all affected certificated entities.

12. It is respectfully represented herein that the transfer of stock as outlined above will be made for fair and equitable consideration to the stockholders of STAR.

13. The technical, managerial and financial personnel of WAXS, in addition to some current STAR employees, will become the technical, managerial and financial personnel of the Surviving Corporation after the transaction, and the Surviving Corporation will continue to provide service to the customers of STAR with the same high level of expertise currently in place.

14. The practical effect of the transaction is a change in ownership of the common stock of STAR. The Surviving Corporation will continue to operate in all material respects as STAR presently operates. The Acquisition will be seamless and transparent to the customers of STAR. As a result, the customers of STAR will in no way be adversely impacted by the Acquisition.

IV. PUBLIC INTEREST CONSIDERATIONS

15. Critical to the Acquisition is the need to ensure the continuation of high quality service to all customers currently served by STAR. The Acquisition will serve the public interest for the following reasons:

- (a) First, it will enhance the operating efficiencies, including market efficiencies, of the combined companies.

- (b) Second, it will increase the appeal to present and potential customers as communications services will be provided in a more cost-effective manner due to higher buying power and lower transport costs.
- (c) Finally, it will provide improved access to capital and the ability to provide services to customers at competitive prices.

16. Accordingly, the Acquisition will serve to create a heightened level of operating efficiency which generally will serve to enhance the overall capacity of the combined companies to compete in the marketplace and to provide telecommunications services for customers in this state at competitive rates.

V. CONCLUSION

17. WHEREFORE, for the reasons stated herein, Applicants respectfully request that the Commission approve the Agreement and authorize consummation of the Acquisition as described above, including the transfer of STAR's tariffs, certification and/or operating authority to the Surviving Corporation.

DATED this 27th day of April, 2000.

Respectfully submitted,



EllenAnn G. Sands
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Telephone: (504) 832-1984
Counsel for World Access, Inc. and Star
Telecommunications, Inc.

In the District of Columbia

VERIFICATION

I, Walter Burmeister, am the President of Word Access, Inc. and am authorized to make this verification on its behalf. The statements made in the foregoing Application are true of my own knowledge, except as to those matters which are therein stated on information and belief, and as to those matters I believe them to be true.

By: 

Name: Walter Burmeister

Title: President

Sworn to and subscribed before me, Notary Public, in and for the District of Columbia, this 21 day of April, 2000.


Notary Public

DEBRA M. CONEYS
NOTARY PUBLIC DISTRICT OF COLUMBIA

My Commission expires:

My Commission Expires

Sept 14, 2004

STATE OF California SS.
COUNTY OF Santa Barbara

VERIFICATION

I, Mary Casey, am the President and/or the Chief Executive Officer of STAR Telecommunications, Inc., AS Telecommunications, PT-1 Communications, Inc., PT-1 Long Distance, Inc. and CEO Communications, Inc. As such, I am authorized to make this verification on behalf of each of the foregoing companies. The statements made in the foregoing Application are true of my own knowledge, except as to those matters which are therein stated on information and belief, and as to those matters I believe them to be true.

By: Mary Casey
Name: Mary Casey
Title: President (and/or Chief Executive Officer)

Sworn to and subscribed before me, Notary Public, in and for the State and County named above, this 10th day of April, 2000.

[Signature]
Notary Public

My commission expires: Oct 30, 2001

